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**SOUTHWEST DISTRICT LAW ENFORCEMENT
PLANNING COUNCIL, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1 / 28 / 09

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Southwest District Law Enforcement
Planning Council, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Southwest District Law Enforcement Planning Council, Inc. (a non-profit organization) as of June 30, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council's 2007 financial statements and, in our report dated September 18, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest District Law Enforcement Planning Council, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2008 on our consideration of Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs

September 18, 2008

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Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,475	\$ 119,195
Investments	192,522	187,105
District dues receivable	97,158	73,751
Grants receivable	15,598	2,892
Total current assets	<u>407,753</u>	<u>382,943</u>
PROPERTY AND EQUIPMENT (Note A-5)		
Furniture, fixtures and equipment	18,375	17,485
Building and improvements	74,550	74,550
	<u>92,925</u>	<u>92,035</u>
Less accumulated depreciation	<u>(41,552)</u>	<u>(38,280)</u>
	51,373	53,755
OTHER ASSETS		
Deposits - utilities	<u>770</u>	<u>770</u>
Total Assets	<u>\$ 459,896</u>	<u>\$ 437,468</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 417	\$ 376
Pension payable	1,036	-
Grants payable	<u>13,500</u>	<u>-</u>
Total current liabilities	14,953	376
NET ASSETS		
Unrestricted	<u>444,943</u>	<u>437,092</u>
Total Liabilities and Net Assets	<u>\$ 459,896</u>	<u>\$ 437,468</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF ACTIVITIES

**Year ended June 30, 2008
with comparative totals for 2007**

	2008			2007
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUES				
Government grants	\$ -	\$ 70,208	\$ 70,208	\$ 67,691
District dues	97,158	-	97,158	73,751
Interest income	6,860	-	6,860	8,140
Miscellaneous income	-	-	-	6
Net assets released from restrictions:	70,208	(70,208)	-	-
Total public support and revenues	174,226	-	174,226	149,588
EXPENSES				
Program service	72,072	-	72,072	67,815
Management and general	94,303	-	94,303	75,926
Total expenses	166,375	-	166,375	143,741
CHANGE IN NET ASSETS	7,851	-	7,851	5,847
NET ASSETS AT BEGINNING OF YEAR	437,092	-	437,092	431,245
NET ASSETS AT END OF YEAR	\$ 444,943	\$ -	\$ 444,943	\$ 437,092

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2008
with comparative totals for 2007

	Program Services	Supporting Services	Total Program and Supporting Service Expenses	
			2008	2007
Salaries	\$ 13,796	\$ 51,001	\$ 64,797	\$ 62,910
Payroll taxes	940	4,030	4,970	4,824
Retirement	-	12,093	12,093	11,635
Insurance	-	4,392	4,392	4,035
Legal and professional	-	3,500	3,500	3,500
Occupancy	-	10,141	10,141	9,675
Other costs	-	2,498	2,498	2,485
Postage and supplies	486	2,508	2,994	2,890
Training	56,850	-	56,850	37,750
Travel	-	868	868	724
Total before depreciation	72,072	91,031	163,103	140,428
Depreciation	-	3,272	3,272	3,313
Total expenses	<u>\$ 72,072</u>	<u>\$ 94,303</u>	<u>\$ 166,375</u>	<u>\$ 143,741</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF CASH FLOWS

**Year ended June 30, 2008
with comparative totals for 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,851	\$ 5,847
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,272	3,313
Net (increase) decrease in:		
District dues receivable	(23,407)	21,901
Grant receivable	(12,706)	12,234
Net increase (decrease) in:		
Accounts payable	41	9
Accrued expenses	-	(125)
Pension payable	1,036	-
Grant payable	<u>13,500</u>	<u>(7,500)</u>
Net cash provided (used) by operating activities	(10,413)	35,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit investment	-	(71,554)
Dividend reinvestment	(5,417)	(3,953)
Purchase of office equipment	<u>(890)</u>	<u>(1,165)</u>
Net cash (used) by investing activities	<u>(6,307)</u>	<u>(76,672)</u>
Net decrease in cash and cash equivalents	(16,720)	(40,993)
Cash and cash equivalents, beginning of year	<u>119,195</u>	<u>160,188</u>
Cash and cash equivalents, end of year	<u>\$ 102,475</u>	<u>\$ 119,195</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Purpose

The Southwest District Law Enforcement Planning Council, Inc. (the Council) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of providing local planning activities to the various law enforcement agencies within Calcasieu, Beauregard, Allen, Cameron, and Jefferson Davis Parishes. The Council identifies the problems and needs of these numerous agencies and develops a long-range master plan to implement improvements through the use of resources available under the provisions of The Omnibus Crime Control, Safe Streets Act of 1968 and Violence Against Women's Act. In addition, the Council administers grants for these subrecipients that provide for law enforcement assistance programs such as basic training received at local training academies.

2. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

3. Financial Statement Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Southwest District Law Enforcement Planning Council, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donor's as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. The Council did not have any permanently restricted net assets this year.

4. Revenue Recognition

Membership Dues

Membership dues are determined at the completion of the fiscal year and are based on actual expenses incurred that were not reimbursed by the grants received from the Louisiana Commission on Law Enforcement. Membership dues are recognized as revenues on a pro rata basis over the period to which the membership relates. These dues are assessed in arrears and are shown as receivable at June 30, 2008.

Government Grants

The Council receives its grant support from the Louisiana Commission on Law Enforcement. All of the Council's grants are cost reimbursement type grants, which means that the Council does not recognize revenue from them until it has incurred allowable expenses under the terms of the grants. Further, each grant has restrictions on how the Council may use its funds, thereby creating a temporarily restricted net asset until the restrictions are satisfied. When the restrictions are

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Revenue Recognition (Continued)

satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

5. Property and Equipment

Equipment is stated at cost at the date of the acquisition and any donated fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$3,272 for the year ended June 30, 2008. The useful lives of equipment for purposes of computing depreciation are:

Furniture, fixtures, and equipment	5 - 10 Years
Buildings	39 Years
Improvements	15 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Council follows the practice of capitalizing all expenditures for all property and equipment in excess of \$100.

6. Income Tax Status

The Council qualifies as a tax-exempt organization under Section 501 (c)(4) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

7. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2007, from which the statements for the summarized information was derived.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Southwest District Law Enforcement Planning Council, Inc

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

10. Concentration of Revenue and Support

The Council receives \$97,158 (56%) of its revenue through district dues assessed to the law enforcement agencies which the Council serves. If the Council no longer received these dues, or there were significant reductions in the amounts received from the law enforcement agencies, the operations of the Council could be adversely impacted.

NOTE B - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Council uses the allowance method to provide for uncollectible dues receivable. However, for the year ended June 30, 2008, there were no amounts that were deemed uncollectible by management.

NOTE C - GRANTS FROM GOVERNMENT AGENCIES

A summary of grants from governmental agencies during the year ended June 30, 2008 is as follows:

Federal Funds:

Juvenile Administration Funds	10/01/06 - 09/30/07	366
Juvenile Administration Funds	10/01/07 - 9/30/08	1,203
CVA Administration Funds	03/01/07 - 02/28/08	6,665
CVA Administration Funds	03/01/08 - 02/28/09	1,670
ACT 562 Equipment Administration Funds	01/01/08 - 06/01/08	<u>3,454</u>
		13,358

State Reimbursed Funds:

Basic Training	07/01/07 - 06/30/08	51,750
Corrections Training	07/01/07 - 06/30/08	<u>5,100</u>
		56,850

Total		<u>\$ 70,208</u>
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Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE D – CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Council considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE E – INVESTMENTS

The Council's investments at June 30, 2008 consisted of the following:

	<u>FMV</u>
Certificate of Deposit - Cameron State Bank	\$ 72,808
Certificate of Deposit - Jeff Davis Bank	70,080
Certificate of Deposit - First Federal Savings and Loan	<u>49,634</u>
	\$ 192,522

NOTE F – COMPENSATED ABSENCES

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service and other factors. In addition, members of management have contracts or agreements with the Council that provide for compensated absences. The value of these compensated absences was not recorded due to their immateriality. The Council's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE G - RETIREMENT PLAN

The Southwest District Law Enforcement Planning Council, Inc. maintains a simplified employee pension plan (SEP) that covers all full-time personnel who have completed three years of continuous service. Contributions to the plan were based on twenty-five percent of gross wages. The total contributions amounted to \$12,093 for the year ended June 30, 2008.

NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Council's estimates of the relative proportion of various staff member's time and effort between program and support services as well as the Council's estimates of the amount of each expense utilized for program or support service functions.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Southwest District Law Enforcement
Planning Council, Inc.
Lake Charles, Louisiana

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting [2008-1 & 2008-2].

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant

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deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 & 2008-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest District Law Enforcement Planning Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Southwest District Law Enforcement Planning Council, Inc.'s response to the findings identified in our audit is described in the accompanying management corrective action plan. We did not audit Southwest District Law Enforcement Planning Council, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs

September 18, 2008

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated September 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. **Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses ☒ Yes ☐ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II Financial Statement Findings

- 2008-1** The Organization has only one employee who is responsible for all accounting and reporting functions. The size of the Organization's accounting staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.
- 2008-2** The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2008

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2007-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Unresolved. See current year finding 2008-1.
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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Southwest District Law Enforcement Planning Council, Inc.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2008

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2008-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Management is aware of the internal control problem and the Board takes an active oversight of financial matters to mitigate the control weaknesses. However, due to the small size of the Organization it is not possible to have appropriate segregation of duties.
2008-2 The Organization does not have a staff person who has qualifications/training to apply GAAP in recording transactions or preparing financial statements.	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT